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## **Uzbekistan - Republic of**

## **Cotton and Products Update**

## **Uzbekistan Cotton and Products Update**

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**Report Highlights:**

MY2015 Uzbek cotton production is estimated about 4.2 million bales. No major pathogen or pest attack accord during the season and no water shortage was reported. The Government of Uzbekistan (GOU) is taking measures in every relative topic to increase cotton quality by improving seed quality and farming practices. MY 2015 domestic consumption and exports are expected to be about 1.6 million bales and 2.7 million bales respectively. The GOU is also promoting domestic consumption by assisting local and foreign investments in textiles and garment production. China and Bangladesh continued to be the main export markets in MY 2014. Uzbek cotton exports to China were 890,000 bales.

**Post:**  
Tashkent

**Commodities:**  
Cotton

## **Production**

MY 2015 seed cotton picking finalized before the end of October and it has been officially announced that 3.35 MMT of seed cotton is collected, meeting the official target that was set for the year. Private sources, however found this number somewhat optimistic and point out that extreme heat during the summer months had adverse effect on field yields. Accordingly Uzbekistan cotton production for the year is estimated about 4.22 million bales (920,000 MT).

Despite relatively late planting due to the cold weather and frost, warm weather during the season assisted plants to mature early. According to sources, there was no major water shortage during the season, but extreme heat in some regions had an adverse effect on yields. Also, there was no major pest outbreaks reported for the season partly due to cold weather and frost in April that helped to reduce possible impact from pests. The picking season was reported to have started early this year and aimed to finish before the end of October to prevent anticipated adverse effects of late season rains.

Majority of Uzbek cotton is picked by hand, but in recent years, machine picking is gradually increasing. The government's target is for eighty percent machine picking by the year 2020. It is reported that machine picking is increasing year by year but amount of cotton picked by machines is only a fraction of total production. Official sources also indicated that World Bank had provided funds for about 230 new cotton picking machines which will help to reduce hand picking.

After the fall of the Soviet Union, the GOU had aimed at becoming self-sufficient in wheat production and now that that goal has been achieved, the government has started some programs to encourage farmers to plant fruits and vegetables. In water rich areas, limited rice planting is also encouraged by the officials. In the long run, the cotton planting area is expected to decline while production remains about the same due to better quality seeds and farming practices. Recently, the government released the obligation in few rayons for farmers to grow cotton, which would allow them to switch to horticulture products, though government subsidies continue to favor cotton production. Horticulture is attractive to farmers, but still logistical, value added, and cold storage challenges remain. While award winning scientists are working on improving cotton seed quality, private firms are also working on this topic as well. It is estimated that about twenty percent of the seeds used for planting are new varieties. Throughout Uzbekistan each year there are generally 10-13 different varieties of cotton grown each year. The seeds used are decided by the government based on their appropriateness for each rayon's growing conditions. Modern irrigation systems such as drip irrigation are also encouraged for higher field yields.

## **Ginning**

There are 99 gins in Uzbekistan with one owned by a private company and, another one on the project stage, but the rest owned by the government. The GOU has a program to modernize its existing old technology gins to improve ginning rates. The government is also considering privatizing some of the gins in coming years. Old ginning machines work with slow speed and ginning process of all the seedcotton produced takes about six months. On the other hand, slow speed assists to protect fibers length and unity. According to official sources, Uzbekistan is

planning to renovate its old technology cotton mills in the coming six years. As a result of the project, about a total of 1.4 MMT of seedcotton will be treated at the more efficient gins.

### **Consumption**

According to industry sources, about forty percent of local production of cotton is consumed domestically. MY 2015 domestic consumption is estimated about 1.6 million bales (350,000 MT). The textile industry plays an important role in Uzbekistan's economy. It employs one third of the industrial work force and its share of industrial output is twenty-six percent. Presently about 180 enterprises are engaged in textile production in Uzbekistan. The Uzbek government is persuading new partnerships for larger use of cotton domestically. Many new textile production investments are approved that will increase domestic consumption gradually in coming years. Uzbekistan's exports of cotton yarn, textiles and readymade garment exports are estimated about US\$1 billion annually.

### **Trade**

Uzbek cotton is continued to be marketed via three main government exports houses Uzmarazimpeks, Uzprommashimpeks and Uzinterimpex. Uzbekistan exports about sixty percent of its lint cotton production annually. Following the recent 11<sup>th</sup> International Uzbek Cotton and Textile fair it has been announced that agreements were made for 3.2 million bales (700,000 MT) of Uzbek cotton exports to international markets during MY 2015, up about twenty percent compared to last year's announcement. However, private sources indicated that market forces may limit some of the transactions and estimated final exports to remain about 2.7 million bales (600,000 MT). China and Bangladesh continue to be the main markets for Uzbek cotton. It is estimated that China and Bangladesh annual combine imports of Uzbek cotton exceeds 400,000 MT. Accordingly, China's imports of Uzbek cotton in MY 2014 were 192,000 MT. The Uzbekistan and Bangladesh governments have signed an MOU to supply about 200,000 MT of Uzbek cotton annually to Bangladesh, though the amount of actual exports fluctuates year to year according to market conditions. There are no official Uzbek statistics for exports by country available and available partner-country customs data for Uzbekistan indicated a lower amount of exports for MY 2014. However, sources indicate that it is due to large exports to non-reporting countries such as Bangladesh. According to sources at some years exports to Bangladesh reaches as high as 300,000 MT.

During MY 2014 Turkey imported about 6,000 MT of cotton from Uzbekistan. Other export destinations for Uzbek cotton during the marketing year were Iran (6,500 MT), Russia (5,500 MT) and Malaysia (4,000 MT).

China and Russia were among the leading export markets for Uzbek cotton yarn in MY 2014 importing a total of 95,000 MT and 75,000 MT respectively. Turkey's imports of Uzbek cotton yarn for the year was 13,000 MT. Also, Poland and Portugal each imported 2,000 MT during the marketing year.

Additionally Uzbekistan has reported to export 33 million square meters of cotton fabrics to world markets in CY 2014.

### **PSD Uzbekistan Cotton (Bales)**

<b>Cotton</b>						
<b>(1000 HA) (1000 480 lb. Bales)</b>						
	<b>Aug 2013</b>		<b>Aug 2014</b>		<b>Aug 2015</b>	
<b>Uzbekistan</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	0	1285	0	1280	0	1285
<b>Area Harvested</b>	1300	1285	1285	1280	1285	1285
<b>Beginning Stocks</b>	1348	1348	1248	1498	1148	1498
<b>Production</b>	4100	4450	3900	4250	3700	4220
<b>Imports</b>	0	0	0	0	0	0
<b>MY Imports from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	5448	5798	5148	5748	4848	5718
<b>Exports</b>	2700	2800	2450	2700	2300	2750
<b>Use</b>	1500	1500	1550	1550	1575	1600
<b>Loss</b>	0	0	0	0	0	0
<b>Total Dom. Cons.</b>	1500	1500	1550	1550	1575	1600
<b>Ending Stocks</b>	1248	1498	1148	1498	973	1368
<b>Total Distribution</b>	5448	5798	5148	5748	4848	5798